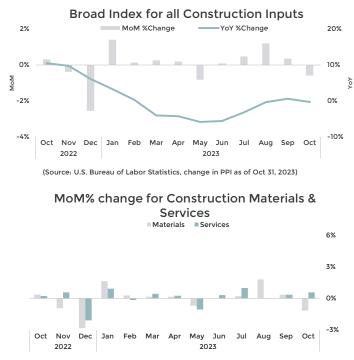
# Construction Commodity Report



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)

**Deeper into the woods** Throughout November lumber prices experienced a modest increase without showing significant upward momentum. Lumber futures had been gradually rising since the start of the month, surpassing \$500 per thousand board feet by the end of November, marking a 10% increase over the past 30 days. However, the Producer Price Index (PPI) for softwood lumber exhibited a -3.2% decrease in October month-on-month and a substantial 16.3% decline compared to the previous year on a non-seasonally adjusted basis.

Mortgage rates offered a slight respite, with a 30 basis points drop in the past month, bringing the 30-year fixed mortgage rate to 7.61%, as reported by the Mortgage Bankers Association. Despite this decline, current mortgage rates remain challenging for both potential homebuyers.

In October, homebuilders commenced construction on more new housing units and obtained more permits for future development; however, the increase in activity is still lagging previous periods. The latest reading on New Residential Construction, including single-family and multifamily homes, indicate a 1.9% increase in housing starts in October compared to the previous month on a seasonally adjusted basis but showed a 4.2% decline year-on-year. Permits, a key indicator of future construction activity, experienced a 1.1% month-on-month increase in October but decreased by 4.4% compared to October 2022.

Homebuilder confidence fell for a fourth consecutive month in November, as indicated by the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI), dropping to 34 from the previous month's 40. A reading below 50 indicates that builders view sales conditions as deteriorating. Despite these fluctuations, the ongoing scarcity of houses on the market continues to support new construction.



Aug-22 Sep-22 Oct-22 Nov-22 Dec-22 Jan-23 Feb-23 Mar-23 Apr-23 Mav-23 Jun-23 Jul-23 Aug-23 Sep-23 Oct-23 Nov-23

#### Out of the furnace | After rallying in

late October, US hot-rolled coil (HRC) futures have maintained a robust position in November, surpassing \$875 per short ton (st). Noteworthy is the remarkable 27% surge observed in the 30 days leading up to November 20, 2023, signifying a substantial 34% increase compared to the corresponding figures from the previous year.

During the initial week of November, steelmakers Nucor and US Steel responded to

#### Metals & Metal Products ■1 Yr Change VTD Change Copper wire and -1.3% 2.7% -11.0% Hot rolled steel, carbon -5.4% 4.5% Stainless and alloy steel scrap -10.6% 2.1% 3.6% Iron and steel scrap Prefabricated metal buildings 6.5% 5.0% Cold Finished Steel Bars and Bar Shapes -7.9% -9.3%

# **Construction Inflation At a Glance**



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)

The producer price index (PPI) for net inputs to construction industries - <u>not seasonally adjusted</u> (a broad index that measures producer inflation in materials and services to construction excluding capital investments, labor, and imports)



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)

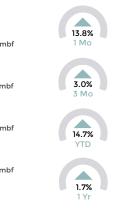
# Lumber & Wood Products

■3 N	lo Change	1 Mo Chan	ge
6.2%	Particleboard and fiberboard		-6.7%
7.7%		l veneer and wood	1.7%
3.9%	Ply	wood	1.1%
-0.4%	Hardwo	od lumber	1.1%
-9.2%	Softwo	od lumber	-3.2%
(Source: U.S		_abor Statistics, Oct 31, 2023)	, change i

## Lumber & Wood Products

■1Y	r Change	VTD Cha	inge
7.5%		board and board	18.8%
-9.3%		veneer and wood	-0.9%
-8.5%	Plyv	wood	-3.0%
-5.7%	Hardwoo	od lumber	0.6%
-16.3%	Softwoo	od lumber	-10.3%

Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)



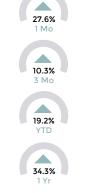
(as of 11.20.2023)

# Metals & Metal Products

<b>3</b>	Mo Change 🛛 🛾 🖬 Mo	Change
-2.5%	Copper wire and cable	-1.3%
-3.6%	Hot rolled steel, carbo	n -1.2%
-7.4%	Stainless and alloy stee scrap	el -7.9%
-2.0%	Iron and steel scrap	-3.4%
-1.1%	Prefabricated metal buildings	-0.4%
-4.5%	Cold Finished Steel Bar and Bar Shapes	rs -2.0%

market dynamics by announcing another hike in their minimum HRC prices to \$950/st. This move came in the wake of competitor Cleveland-Cliffs' decision to set their minimum HRC prices at \$1,000/st.

Despite hikes in spot prices for ferrous commodities, government data and surveys have yet to fully reflect the impact. In October, the Producer Price Index (PPI) for steel mill products showed a decline of 2.5% from the previous month and 9.9% year-on-year (not seasonally adjusted). However, it is reasonable to anticipate an upswing in the PPI for ferrous commodities in the months ahead.







# **Equipment & Others**

∎1Yr C	hange ∎YTD Cl	hange
4.9%	Heating	2.2%
3.0%	Lighting	2.8%
6.0%	Construction machinery and equipment	5.8%
3.9%	Air conditioning and refrigeration equip	3.9%
5.0%	Elevators, escalators, and other lifts	5.1%

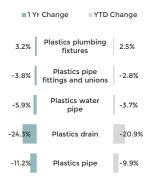
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)

#### Fuels & Related Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)

#### Rubber & Plastic Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)

-2.0%	Cold Rolled Steel Sheet and Strip	3.3%	-9.0%	Cold Rolled Steel Sheet and Strip	-0.2%
-0.9%	Sheet metal products	0.3%	0.0%	Sheet metal products	0.0%
-1.7%	Aluminum mill shapes	-1.4%	-1.7%	Aluminum mill shapes	-0.4%
5.7%	Copper and brass mill shapes	-2.5%	-1.7%	Copper and brass mill shapes	-1.8%
8.9%	Aluminum base scrap	-0.4%	-0.3%	Aluminum base scrap	0.3%
7.3%	Copper base scrap	-3.7%	-4.7%	Copper base scrap	-3.4%
-19.0%	Steel pipe and tube	-15.6%	-3.2%	Steel pipe and tube	-0.1%
-9.9%	Steel mill products	-3.7%	-7.8%	Steel mill products	-2.5%
	J.S. Bureau of Labor Statist Je in PPI as of Oct 31, 2023)	ics,		e: U.S. Bureau of Labor Stati nge in PPI as of Oct 31, 2023	

# Hot-rolled Coil Steel Continuous Futures (Nymex: HRN00)



Source: Marketwatch

### **Equipment & Others**

■3 Mo	o Change ∎1 Mc	Change
0.7%	Heating equipment	0.7%
0.2%	Lighting fixtures	0.0%
-0.3%	Construction machinery and equipment	0.0%
0.5%	Air conditioning and refrigeration equip	0.2%

Elevators, 0.0% escalators, and other lifts 0.0%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)

#### **Fuels & Related Products**







-3.4%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)

### **Rubber & Plastic Products**

■3 Mo	o Change ∎1 Mo C	Change
0.7%	Plastics plumbing fixtures	0.0%
0.3%	Plastics pipe fittings and unions	-0.4%
-0.3%	Plastics water pipe	2.2%
-9.4%	Plastics drain	-9.1%
-2.7%	Plastics pipe	-1.9%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)

#### **Nonmetallic Mineral Products**

■3 M	o Change	1 Mo C	hange
1.1%	Construc sand/gravel/ stone	<sup>′</sup> crushed	0.0%
-1.1%	Insulation m	aterials	-0.3%
-0.7%	Gypsum pr	oducts	0.0%
-0.4%	Flat gla	iss	0.1%
0.2%	Brick and st clay ti		0.2%
0.6%	Prestressed of produc		0.1%
1.0%	Precast co produc		0.0%
3.4%	Ready-i concre		0.1%
1.4%	Concrete	pipe	0.5%
1.5%	Concre block a brick	nd	1.4%
0.1%	Ceme	nt	-0.7%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)

#### Nonmetallic Mineral Products

■1 Yr C	Change TTD Change	
8.8%	Construction sand/gravel/crushed stone	8.7%
1.6%	Insulation materials	0.9%
-1.2%	Gypsum products	-1.4%
1.9%	Flat glass	1.2%
5.6%	Brick and structural clay tile	5.5%
2.7%	Prestressed concrete products	0.8%
6.5%	Precast concrete products	5.7%
11.3%	Ready-mix concrete	9.1%
9.1%	Concrete pipe	3.8%
9.0%	Concrete block and brick	8.8%
8.5%	Cement	8.0%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Oct 31, 2023)